

## Message Text

CONFIDENTIAL

PAGE 01 KUALA 02080 130759Z

ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 EA-10 ISO-00 AGRE-00 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02

OMB-01 DOE-11 GSA-02 /126 W

-----087230 130818Z /17

R 130610Z MAR 78

FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 2881

INFO AMEMBASSY BANGKOK

AMEMEMBASSY JAKARTA

AMEMASSY LA PAZ

AMEMBASSY LONDON

C O N F I D E N T I A L KUALA LUMPUR 2080

E.O. 11652: GDS-1

SUBJECT: EMIN, ITC, GSA, MY

SUBJECT: GOM TIN POLICY AND GSA TIN DISPOSALS

REF: STATE 58800

1. EMBOFFS CALLED ON PAUL LEONG, DEPUTY MINISTER OF PRIMARY INDUSTRIES, TO ADVISE HIM OF GSA TIN DISPOSAL PROGRAM DESCRIBED IN REFTEL. LEONG EXPRESSED HIS GRATITUDE FOR INFORMATION AND REITERATED HIS OPINION THAT LONG TERM EQUILIBRIUM PRICE FOR TIN IS LIKELY TO RISE. HE ALSO ARGUED HIS FAVORITE THESIS THAT TIN IS SUCH A SMALL COMPONENT OF TIN PLATE, ESPECIALLY WHEN TWO-PIECE TIN CANS ARE MADE, THAT THERE IS LITTLE DANGER OF SUBSTITUTION.

2. LEONG EXPRESSED DEEP CONCERN ABOUT THE STEADY DECLINE IN TIN PRODUCTION IN MALAYSIA WHICH HE BLAMED ESSENTIALLY ON PROBLEMS AT THE STATE LEVEL. HE ALERTED US TO WHAT HE CONSIDERS A MAJOR BREAKTHROUGH IN THIS AREA. AFTER INTENSIVE BEHIND THE SCENES NEGOTIATION BETWEEN THE GOM AND THE CHIEF MINISTER OF THE TIN-RICH  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUALA 02080 130759Z

STATE OF PERAK, AGREEMENT HAS BEEN REACHED ON HOW TO ADDRESS THIS PROBLEM. ON MARCH 17, LEONG WILL CALL ON THE CHIEF MINISTER OF PERAK FOR A MEETING. FOLLOWING THAT MEETING, THE CHIEF MINISTER WILL PUBLICALLY ANNOUNCE THE FORMATION OF A MINING COMMITTEE, HEADED BY HIMSELF, WHICH WILL WORK OUT A COORDINATED APPROACH TO MINING PROBLEMS IN PERAK. THE COMMITTEE WILL HAVE MEMBERS DRAWN FROM ALL THE STATE BODIES CONCERNED AND, EVEN MORE IMPORTANTLY,

FROM THE GOM AND THE PRIVATE SECTOR. IT IS SIGNIFICANT THAT THE LATTER'S PARTICIPATION WILL BE HANDLED BY THE STATES OF MALAYA CHAMBER OF MINES, WHICH REPRESENTS ALL OF THE DREDGING COMPANIES AND THE ALL-MALAYA CHINESE MINING ASSOCIATION, WHICH REPRESENTS THE CHINESE GRAVEL PUMP OPERATORS. LEONG IS HOPEFULL THAT THIS WILL SUBSTANTIALLY EASE THE PROBLEMS MINERS, ESPECIALLY THE CHINESE, HAVE ENCOUNTERED IN OBTAINING LAND LEASES IN PERAK. AS SOON AS THIS COMMITTEE IS FUNCTIONING, LEONG PLANS TO SEEK AGREEMENT WITH THE CHIEF MINISTER OF SELANGOR, THE SECOND GREATEST TIN PRODUCING STATE, TO SET UP A SIMILAR COMMITTEE. LEONG ALSO MENTIONED THE RECENT GOM CHANGE IN TAX POLICY WHEREBY THE EXPORT DUTY AND SURCHARGE HAVE BEEN COMBINED SO AS TO GIVE THE STATES GREATER REVENUE. GOM ESTIMATES ARE THAT PERAK'S REVENUE WILL GO UP FROM U.S. \$6.5 MILLION TO \$10.6 MILLION IN 1978 BECAUSE OF THIS CHANGE.

3. COMMENT: ALTHOUGH THE ELECTION PREPARATIONS CURRENTLY SWEEPING MALAYSIA PROBABLY HAD SOMETHING TO DO WITH IT, WE AGREE WITH LEONG THAT THE SETTING UP OF A COMMITTEE IN PERAK IS A MAJOR STEP FORWARD IN ATTEMPTING TO SOLVE THE DIFFICULT QUESTIONS REGARDING STATE CONTROL OF THE LAND. LEONG HIMSELF IS A CAUTIOUS AND SOMEWHAT NATURALLY PESSIMISTIC PERSON AND HIS RESTRAINED OPTIMISM IN THIS DEVELOPMENT IS BOTH WELCOME AND SIGNIFICANT. WE BELIEVE THAT THE COMBINATION OF THE CHANGE IN TAX POLICY TO BENEFIT THE STATES AND THE FORMATION OF FEDERAL-STATE-PRIVATE SECTOR FACILITATION COMMITTEES ARE IMPORTANT STEPS IN THE GOM'S ATTEMPTS TO COME

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KUALA 02080 130759Z

TO GRIPS WITH PROBLEMS FACED BY THE TIN INDUSTRY.  
MILLER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TIN, POLICIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978KUALA02080  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780111-0264  
**Format:** TEL  
**From:** KUALA LUMPUR  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780376/aaaacmms.tel  
**Line Count:** 96  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 115174c8-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 58800  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 11 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3354608  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EMIN, ITC, GSA, MY : GOM TIN POLICY AND GSA TIN DISPOSALS  
**TAGS:** EMIN, MY, GSA, ITC  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/115174c8-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014